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From:

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To:

Cc:

Subject: RE: []

[Here is a quick and simple summary of what the letter says:](#)

- 1) The federal government is considered one big employer, so two federal agencies that pay wages to an employee in a single calendar year only need to go up the social security wage base one time.
- 2) Section 3122 gives federal agencies flexibility on how to deal with wage base issues. If both federal agencies make payments to the same employee in a single calendar year, they can either: i) coordinate with each other to make sure that no social security tax is paid on wages in excess of the wage base; or ii) not coordinate with each other and simply withhold and pay social security taxes on wages paid to the employee without regard to the wage base.
- 3) Regardless of which option the federal agencies use, the employee can take a credit on their 1040 for any social security taxes paid on wages exceeding the wage base (see section 6413(c)(2)(A), which provides that the two federal agencies are treated as separate employers for purposes of the credit employees get on their 1040 for excess FICA).
- 4) The agencies could also seek a refund (or adjustment) of FICA paid on wages exceeding the wage base after the close of the calendar year but if they do this, then they need to go through the process of seeking the employee's consent to request a refund on the employee's behalf.